

Rio in Bunderland – diamonds or dust?

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Mining giant Rio Tinto expects to reap massive profits from its new Indian venture at Bunder in the Chhatarpur district of Bundelkhand region, Madhya Pradesh state.

The company describes this as: “[t]he most advanced diamond project worldwide (sic) and the most important diamond discovery in India for many decades”, claiming to have “...identified a diamond resource seven times richer than the Panna diamond mine (1), the only operating diamond mine in India... Madhya Pradesh would therefore rank, in volume and value terms, in the top 10 diamond producing regions in the world” (2).



The boundary road at Rio Tinto's Bunder facilities, January 2013

The vast majority of India's diamonds are currently imported (as “roughs”), including ones from Rio Tinto’s huge Argyle diamond mine in Western Australia and its Diavik joint venture in North Western Canada. A substantial proportion of these are then cut and polished at the company’s own workshops in North East India.

Mining such gems within India itself will shorten Rio Tinto's existing supply chain, thereby reducing running costs and potentially putting it ahead of its global commercial peers (notably Anglo- De Beers, BHP Billiton and Harry Winston-Dominion Diamonds). India is by far the world's largest centre for

diamond cutting and polishing. The company “estimate[s] that at least two-thirds of Rio Tinto's diamond production by value is manufactured in India where more than 250,000 workers are engaged in diamond cutting” and says many of its customers have offices and factories in the country (3).

Although not yet covered by a mining licence, the Bunder project is already being hailed by Rio Tinto as potentially “set[ting] a new benchmark for mine development in India”. The Bundelkhand region is facetly described as: “culturally historical...home to medieval temples and diverse tribal groups relatively untouched by mainstream development... poor, underdeveloped and drought-prone, with limited access to health, education and communication services”.

While conceding that “development of a mine in this region therefore represents operational challenges” Rio Tinto is nonetheless confident of its presenting “many opportunities for local employment and capacity building” (4).

This claim is characteristic of many which Rio Tinto has made during its own lengthy “cultural history” – to the extent of often grossly distorting the meaning of that term. (As it does when lauding its Kennecott Copper operations at Bingham Canon in Utah, although they have been condemned, year on year, by many residents, workers, and physicians in the state (5)).

In reality, Rio Tinto continues to be attacked by many “host” communities and civil society organisations – even some governments – over its current operations and future plans.

In a major attempt at changing negative public perceptions, the company issued three major reports in January this year, ostensibly telling employees why “human rights”, “gender”, and “cultural heritage” issues “matter”. Amounting to over 340 pages in all, these publications contain thirty-six case studies of Rio Tinto's operations in 13 countries. In essence, they set the benchmark standards to which the company now promises to adhere.

What really “matters”?

The Bunder diamond venture is featured as a case study in two of these publications and briefly referenced in the third. (*Why gender matters* additionally sports a full-page front cover photograph of a local community consultation at the project). Rio Tinto has also taken lessons from experiences in advancing its three existing diamond mines, in Zimbabwe (6), Canada (7) and Australia. Clearly, the political and social dimensions of these operations differ in several respects from those prevailing in Madhya Pradesh. Nonetheless, some parallels may be drawn, especially in relation to the vital issues of consensual resettlement, women's rights and “cultural respect”.

Particularly apposite is Rio Tinto's admission that negotiations with Aboriginal people over access to the Argyle diamond deposits in Western Australia were “flawed”. Here, the initial ethnographic model “drew upon too few informants, in particular, too few female informants and was done in a very short space of time.” Moreover, “...failure to recognise women's social risks associated with custodial rights over specific cultural sites prevented Argyle management coming to an agreement with the traditional owners over the extension of the diamond mining operation underground...It was only after women's rights were recognised that an understanding over land use, access and management could be reached, and an agreement signed regarding underground expansion” (8).

It would appear that this failure to observe Australian Aboriginal women's rights was recognised quite early on at Bunder. Certainly, the company has targeted local women for special attention in pursuit of their “empowerment”.

During the last week of January 2013, a small Indian-UK research team (“the team”) spent three days in Bundelkhand, examining several impacts of the Bunder exploration project (9).

The team principally sought to identify gaps between Rio Tinto's claims of “doing good and striving to do better” and its actual performance on the ground. It quickly became clear that, to a significant extent, the company is not honouring commitments to Bunder's so-called “stakeholders”.

Moreover, several statements, published just a week before the team's visit (in the *Why.....matters* reports) clearly misrepresented the true position of many affected persons.

Workers' rights

According to Rio Tinto's 2011 Bunder sustainability report, the project employed approximately 420 persons that year, of whom around 80% were from Madhya Pradesh (10). The Bunder case study, included in January 2013's *Why human Rights Matter*, adjusts these figures downwards, saying the project “currently employs about 400 people of whom 70 per cent are local” (11).

What isn't disclosed is how many of this four hundred are temporary workers, recruited on an *ad hoc* basis by a sub-contracting firm, or the benefits (if any, beyond a daily wage) to which they are entitled.

On the evening of the day it arrived in Bundelkhand (24th January 2013) the team interviewed a gathering of some fifteen local men, including farmers and those who offer themselves for employment with the project. None had so far secured a full time post; the local sub-contractor hired workers for only ten days or so at a time.

The team was told that, earlier in the month, some of these men had joined an “agitation” in the shape of a nearby tent encampment. Out of this came an agreement with Rio Tinto to provide health and accident insurance to employees, and to raise the prevailing monthly wage to 6,000 rupees (around US\$110). The company also “promised to check” whether any other comparable industrial enterprise in Madhya Pradesh paid higher amounts than this. However, their demand that Rio Tinto “get rid of the contractor” had not been accepted.

The lack of regard displayed by the sub-contractor towards the workforce was evidenced the morning after the team's initial meeting with local people. Through a third party, the firm had ordered one man not to turn up for work that day since he had engaged with the team earlier.

Rio Tinto claims it has also been helping local women to “enlarge their employment prospects and enhance their self-sufficiency”. In 2012, eleven women between 18 and 35 years of age participated in a scheme to recruit female drivers; and four were hired (12). Villagers said this figure had now dropped to three. Moreover, all these women were enlisted from the nearby town(s), not from the project's surrounding villages.

Women and children first?

In response to earlier findings that “women [in the Bunder area] had low levels of literacy, health, nutrition and participation in community decision-making” the company “developed a women’s empowerment project which aims to mitigate exclusion and restriction of women as set out in the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)” (13).

This programme was centred on Sagoria Village, which lies at the heart of the project licence area, and consisted, *inter alia*, of holding women’s focus groups “to educate women about their rights and to encourage network building and social bonding”. These focus groups are also said to have been “implemented in other villages” (14).

The Indian-UK team visited Sagoria on its second day, arriving just as an external hydrological consultant from Rio Tinto's NGO partner, Haritika, was discussing the functioning of a solar panel in connection with the location of a water pump, among a group of male-only villagers. Just one local woman was visible, squatting in her front garden preparing food, and she took no part in the deliberations (*see below*).



What, then, of the company’s avowed aim to “empower” women in community decision-making?

This question was raised by the team with Aditi Mishra, a Rio Tinto community liaison worker who was also at the meeting. She replied: “That’s a good point – but the women are probably in the fields”. Her statement provoked some ribaldry among the men. Several commented that they themselves had little

opportunity to engage in productive farming, and there had been no engagement with the women on this issue.

Ms Mishra then invited the team to visit the nearby schoolhouse and observe her engaging in an innovative lesson with some of the village children. This encounter took place in a bare concrete classroom, where around twenty 6-12 year old girls and boys sat on the floor as Ms Mishra passed around a single electronic tablet, inviting them to name different colours appearing on the screen. That was the sole activity – and apparent purpose – of this hastily-gathered session which ended around ten minutes later when Ms Mishra withdrew, tablet in hand. The youngsters then returned to their well-leafed schoolbooks and the traditional blackboard (*below*).



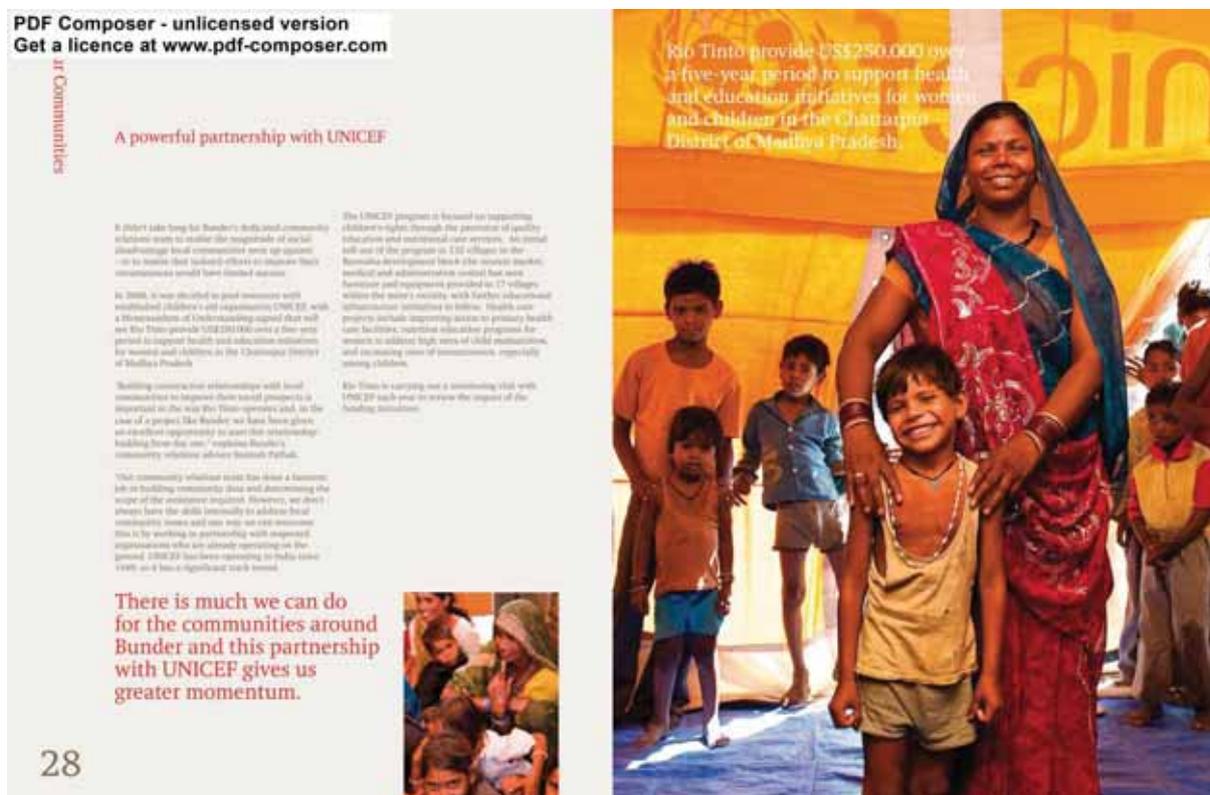
Villagers informed the team that Rio Tinto had been given prior warning of its trip to Sagoria. Certainly, this almost-farcical scholastic display had the appearance of being mounted (and in some haste) mainly for the benefit of the visitors. That was borne out when two well-dressed, highly articulate, young women from Delhi arrived shortly afterwards, identifying themselves as employees of another consultancy funded by the company. As all three women left the schoolhouse, a villager told the team that none of these were regular teachers in Sagoria.

Thus, in the space of an hour or so, the only adult females actually encountered by the team were ones enlisted by Rio Tinto. No local woman came forward to meet the team, nor did the company's consultants encourage them in doing so.

This sits uneasily with the company's statement that: "The Communities' team engaged early and transparently with the local communities, stressing Rio Tinto's equal opportunity, non-discriminatory engagement and employment policies...[We engage] inclusively with all members of the community irrespective of caste or gender" (15).

This claim is made in Rio Tinto's *Why Human Right Matter*, which also features a photograph with a local woman at its centre, hands resting on the shoulders of a young boy, surrounded by some thirty other children in a purpose-built open-air meeting place. The caption tells us we are witnessing a "Maternal child health programme run in partnership with UNICEF at Rio Tinto Diamonds, Bunder" (16).

Rio Tinto makes much of its collaboration with UNICEF, saying this has resulted in a "roll-out" of its "provision of educational and nutritional care services to 132 villages in the Buxwaha development block". A close up from the same photograph is included in Rio Tinto's 2011 Bunder sustainable development report (*below*)



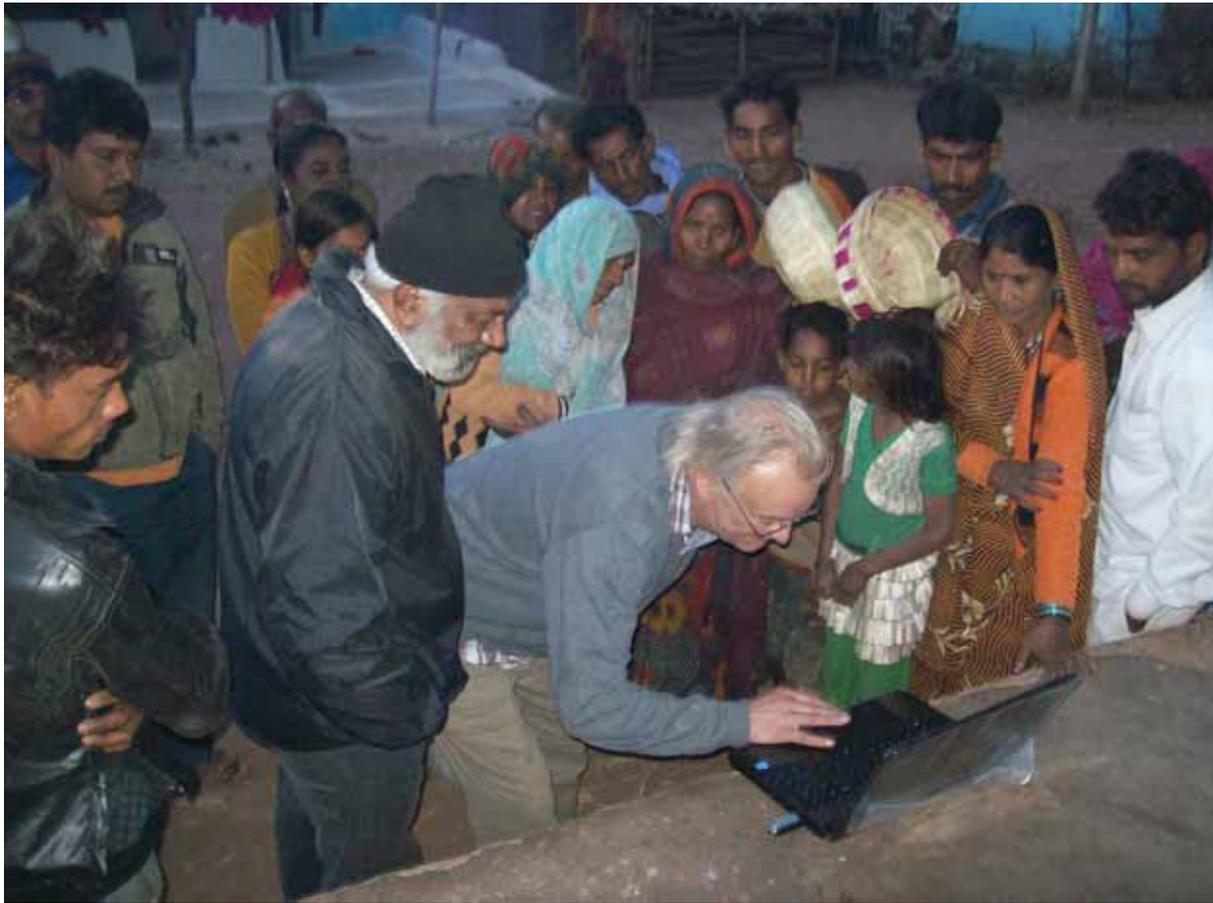
Alas, for the company's credibility (and that of UNICEF), the team found this structure to be in ruins; swings and a slide in the adjacent play area had fallen victim to rust, with potentially dangerous bits of metal protruding from their sides (*see below*).



Following the Sagoria visit, the team decided to check the authenticity of another image. This is included in *Why Cultural Heritage Matters*, depicting “[a] local woman intricately and delicately weav[ing] a basket out of strips of bamboo in Bajna village, near Rio Tinto Diamonds’ Bunder camp”. We’re informed that: “Most local communities in this area make their livings (sic) from farming or traditional handicrafts such as this” (17).

Lo and behold! The team not only discovered traditional basket weaving in progress at Bajna, but identified the woman depicted in the photograph, seated at the same task. (On this occasion there was no suggestion the company had “stage-managed” the scene: only the team members knew about the trip in advance).

When invited to examine the photograph, the weaver (and her neighbours) were taken aback (*see below*). She had no inkling of being thus portrayed, let alone in a report which had been circulated on the worldwide web. Nobody representing Rio Tinto had ever contacted her or shown a direct interest in her skills. Nor had her consent been sought for publication of the photograph.



Bajna villagers , baffled at the way they've been portrayed in a Rio Tinto report

Thirsting for the truth

*“ The biggest problem is drilling into ground water. We've had four months' lack of ground water, which this has exacerbated. If the company expands its drilling into the forest, then mahua * and other trees are bound to be harmed. They say they will replant the trees, but we don't believe them” - A B Singh, a retired ordinance officer, interviewed by the team on 26 January 2013. (* Madhuca longifolia (mahua) trees produce seeds for a number of important purposes, including skin care, production of soap and butter, and as a fertiliser.)*

The team arrived in Sagoria as attempts were being made to locate new sources of groundwater.

In a region notorious for drought, Rio Tinto affirms the conservation of water as a “high priority,” and conducts a number of compensatory activities, such as harvesting rain water at its own camp and processing plant. Although it says that visits are paid to each of the community sites “every month to collect information” on water availability, results so far “indicat[e] that sufficient water [is] available for the communities if appropriate water conservation practices [are] adopted” (18).

This is a highly speculative assumption, bearing in mind that the full geophysical dimensions of a future mine, the nature of its infrastructure and its water requirements, have yet to be determined and will depend on regulatory and technical decisions, still to be made. Currently, the “ultimate working depth of the project” is planned to be 345 metres, while water requirements are put at 16,050 cubic metres per day (19). These parameters could be changed later, either downwards or in the opposite direction.



It's difficult to escape the conclusion that the prime purpose of current initiatives is to serve the company's own interests and make them more “presentable” to the outside world. Similar village and district-based programmes appear to be of secondary importance – if that.

Three main requests had been made of Rio Tinto, according to villagers interviewed during the team's visit. The company should:

- 1) Dig 3-4 large ponds;
- 2) Ensure permanent electrical power;
- 3) Mend local roads

Some water pumps have been provided (although one farmer claimed he hadn't yet been paid as promised for land he surrendered to the purpose). But little progress has been made in meeting the two other demands. Rio Tinto plans to construct large dams in the area to serve its own needs. There is clear alarm that, not only will local residents enjoy limited access to these resources (and perhaps none at all); the dams themselves will draw on surface and underground water sources which are vital to the communities.

Rio Tinto's 2011 Bunder sustainability report assured readers that, in order to “minimise dust creation, vehicles transporting [diamond] samples are covered with tarpaulins...and water sprays are used during sample processing”. These activities take place at the company's own facilities which the team did not inspect, and therefore cannot comment upon.

However, the company also stated that: “Proper roads have... been constructed *within the project boundary* (our italics) to check dust pollution” (20).

Self-evidently, this is a false assertion. On its visit to Sagoria, the team's vehicle had to follow a rocky, dusty, pot-holed track which had obviously seen no re-mediation. To say the least, this is surprising, given that Sagoria is the “pilot” village for Rio Tinto's “grand plan”, and that contractors, consultants, and company employees regularly ply the same route.

Political & Social dimensions

On 16 August 2011, Shehla Masood, a prominent Indian environmental and social activist, was shot dead by unidentified gunmen while preparing to leave her home in Bhopal, the capital of Madhya Pradesh.

A passionate opponent of the “tiger mafia” (poachers), and supporter of tribal peoples' rights, Ms Masood had recently also done battle with Rio Tinto, having filed a Right to Information (RTI) request with the government, alleging that the company's exploration activities were already polluting a major river.

Almost immediately afterwards, some other Indian activists accused Rio Tinto of being behind Shehla's murder. The accusation was swiftly dismissed as baseless by the company's Indian Managing Director, Nik Senapati, who protested that its operations were conducted according to “the highest ethical standards” (21).

No evidence whatever has emerged to link Rio Tinto with this atrocity.

However, when Richard Lindell, the India correspondent for the Australia Network of ABC News, visited Bunder three months later, he still found “many of the locals ...filled with fear and concern over the [mining] development”. Lindell commented that, while “rumours and wild allegations abound...many people raised concerns that Rio Tinto is engaged in illegal mining and that it is working in the area without proper approvals and after exploration licenses have expired”.

Jeetendra Singh Bundela, the member of parliament for Chhartapur district, told Lindell: “This secretive way of doing mining, this secretive working style should stop... and if this is the way they keep going, then in the future, there could be a possibility that a movement may start against them...” (22).

As Mr Lindell reported: “The forest area where diamonds have been found is an important corridor to the few remaining tigers of the region. Environmentalists argue that mining here threatens their habitat and their ability to move between reserves to find new and genetically-viable partners.”

In response, Mr Senapati tried to assure ABC that his company would “creat[e] buffer zones that allow the tigers to roam in their natural habitat beyond the reserves.”

Nonetheless, concluded Lindell: “Rio Tinto faces a tough battle as it looks to complete the approval process and start mining by 2016/17. It's a process that's been made tougher by the miner's inability to sell the project to locals and allay community and environmental concerns - both real and perceived” (23).

It's not only local people and politicians who have refused to “buy into” the company's Bundelkhand blandishments. The Expert Appraisal Committee of India's central Ministry of Environment and Forests (MoEF) has been considering Rio Tinto's application to mine Bunder, after declaring the project a “violation case” because it has allegedly been operating without proper clearance since 2004.

The Committee has prepared Terms of Reference for the undertaking of a detailed project Environmental Impact Assessment “based on production of 7.15 million tonnes per year of ore, covering a mine lease area of 954 hectares, the *whole of which is officially forest land* (our italics)” (24).

Conclusion: more questions than answers

The Bunder project is at an advanced, but still formative, stage, leaving many critical issues still to be resolved. No doubt Rio Tinto will contend that these can only be authoritatively resolved, as it advances from exploration, prospecting and product sampling, towards launching a productive mine. Indeed, its boast that Bunder is “the most advanced diamond project worldwide ” (cited at the start of this report) seems belied by what it acknowledges it still has to find out and report upon. Not to mention that it still has to gain full government clearance for many aspects of the project design.

To what extent will its operations impact on the landscape? How many full-time workers will be employed, once mining is at full pelt – and what proportion will be recruited from nearby communities? Many millions of tonnes of soil, rock, and surface vegetation must be lifted from potentially productive farms; where and how will these be disposed of? Above all (and reflecting a major concern of villagers), how much water will actually be used (or recycled) in processing the diamonds on-site? From where will this be sourced, if not predominantly from underground aquifers which are already in scarce supply?

Rio Tinto seems keen to rise to such “challenges”, pledging to commission the studies needed to satisfy not just Indian regulations, but its own superior performance standards. In the meantime, it has embarked on a raft of socially and economically beneficial schemes, purportedly going well beyond making itself a “good neighbour” or a responsible corporate citizen in Bunder and beyond.

These intentions must be called into strong question. Even within the three days spent in Bundelkhand this January, the Indian-UK team exposed a number of serious concerns, raised by those already affected by Rio Tinto's “programmes”. We have little confidence that these will be addressed as the project proceeds, or that further grievances won't emerge.

Notes

(1) The ancient Panna diamond zone lies approximately 90 kilometres east of Bunder, and continues to be excavated by small groups of artisanal miners, comprising over a thousand persons in all. The India-UK investigation team, mentioned in this report, visited some of these miners in January 2013, finding they still use rudimentary hand tools to dig up and wash clumps of earth and mud, in the hope of extracting minuscule specks of alluvial diamonds. These are evaluated by the District Mining Office, then sent to auction. The miners officially receive 90% of the proceeds, and the Office 10%. But, according to a local NGO, the operations are mainly organised by syndicates which fix a low reserve price in collusion with the officers, then re-sell stones at a higher price and re-distribute the profits among themselves .

(2) See http://www.riotintodiamonds.com/ENG/ourmines/565_the_bunder_diamond_project.asp. Rio Tinto “received approval for a mining lease in principle from Government of India and State Government in 2011 - 2012. The next phase of evaluation will involve engineering studies and assessment of the social and environmental impacts of a diamond mine. These studies will take two to three years to complete”. [http://www.riotintoindia.com/ENG/ourprojects/33_bunder.asp, accessed 28 March 2013]. Rio Tinto “is now working on the mine plan, environmental and forestry approvals required to execute a Mining Lease.” [See: “Indian girls shine with Rio Tinto Diamonds coaching programme”, company media release, 11 March 2013]

(3) See: https://www.riotintodiamonds.com/ENG/sales_marketing/india.asp

(4) Rio Tinto: *Bunder Project, Courageous Spirit: Sustainable development report 2011*

(5) See: “Rio Tinto in Utah” in *Why cultural heritage matters*, page 87. The Bingham Canyon Mine Visitors Center purports to “contribute...to a sense of community by promoting and communicating the industrial heritage values that were recognised in

the listing of Bingham Canyon as a National Historical Monument and passing down the extensive history of the mining industry in the area". As a result, "the connections between the heritage of the mine (*sic*) and the community heritage in the region...help strengthen the mine's social licence (*sic*) in turn allowing it to continue operating in a highly populated metropolitan environment" . In 2011, according to the US Environmental Protection Agency (EPA)'s National Toxics Release Inventory, Kennecott Copper and Power released 168,784,336.75 pounds of toxic "wastes", making it the second largest such offender in the country. In response, a Rio Tinto spokesperson claimed that around 99.9% of these were "high-volume, low-toxicity waste rock and tailings that go into permitted, controlled disposal facilities". Concentrations of lead and copper in the rock were "well below the human health risk levels that would require an EPA cleanup (*sic*)", while "all of the tailings go into the engineered tailings pond just south of the Great Salt Lake" [*Salt Lake Tribune*, 16 January 2013]. Regardless of whether that is true, it's palpable nonsense to claim that the existence of this massive waste-producing complex somehow "strengthens the mine's social licence". Nor may the Bingham Canyon mine *per se* be legitimately termed an "historical monument" : On the contrary it is one of the largest existing copper producers in the world, and the gouging-out of ores has created one of the deepest man-made holes on the planet..

(6) Case study number 8 in *Why Gender Matters* reflects on negotiations between Rio Tinto and communities impacted by construction of the Murowa diamond mine in Zimbabwe (currently owned 76% by Rio Tinto): "The most controversial and difficult aspect of [these] negotiations centred around the allocation of land that each family would receive" as part of the resettlement programme. The company says it purchased land for 142 such families, but the site "became occupied by other families from Masvingo province ...under the ... government's Land Reform and Resettlement Programme".. With no other land available, and following "two years of difficult and intensive meetings and workshops...[t]he allocated land underwent improvement and preparation, allowing the resettled communities to plant a crop immediately and reap a valuable harvest in the 2002/3 season". Local women are said to have played a vital role in achieving this [*Why Gender Matters*, pp 55-56].

(7) According to Rio Tinto, "the challenge" at its Diavik diamond mine in north west Canada "is to operate in this remote location while respecting local land use practices and avoiding negative impacts on the subsistence needs of local Aboriginal organisations...By integrating traditional knowledge with scientific procedures, Diavik has demonstrated the value of incorporating traditional knowledge into the company's monitoring processes. Through this collaborative work Diavik has drawn on different ways of thinking and observing the environment, which has helped to continue traditional ecological knowledge and subsistence practices. This has contributed to effective cultural heritage management, better relationships with local communities and meeting the operation's environmental commitments outlined in the Environmental Agreement" *Why cultural heritage matters*, pp 70-71. On 10 April 2013, Dominion Diamonds (formerly Harry Winston) acquired 40% of the Diavik mine.

(8) See Rio Tinto: *Why Gender Matters: A resource guide for integrating gender considerations into Communities work at Rio Tinto January 2013*, pp 45-46.

(9) The team comprised a Madhya Pradesh social activist who has had numerous contacts with inhabitants of the region over recent years; a veteran former Indian government geologist and mining analyst; and an experienced UK-based international researcher into mining's impacts.

(10) Rio Tinto: *Bunder Project, Courageous Spirit: Sustainable development report 2011*, page 14

(11) *Why human rights matter*, page 59

(12) *Why gender matters*, page 7

(13) *Why gender matters*, page 40

(14) *Why human rights matter*, page 59

(15) *Why human rights matter*, page 59

(16) *Why human rights matter*, page 60

(17) *Why cultural heritage matters*, page 47

(18) Rio Tinto: *Bunder Project, Courageous Spirit: Sustainable development report 2011*, page 33

(19) Ministry of Environment and Forests official, quoted in *Economic Times*, 16 September 2012.

(20) Rio Tinto: *Bunder Project, Courageous Spirit: Sustainable development report 2011*, page 36

(21) See: <http://www.minesandcommunities.org/article.php?a=11159>

(22) Australia network, ABC News, 2 December 2011

(23) *ibid*

(24) MoEF official, quoted in *Economic Times*, 16 September 2012